

Track & Field

# Earnings Release 3Q23

**Videoconference**  
**November 14<sup>th</sup> (Tuesday)**  
09:00 BRT | 07:00 a.m. NY

[Click here](#) to access the  
conference call



São Paulo, November 13<sup>th</sup>, 2023 – Track & Field CO S.A. (B3: TFCO4) announces its results for the third quarter of 2023 (3Q23). The consolidated financial statements were prepared in compliance with the accounting practices adopted in Brazil with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

## Operating Highlights



**Sell out reached R\$ 294.0 million in 3Q23, representing a 20.4% increase compared to 3Q22, with a same store sales growth of +15.2%.** Also, we highlight performance came from the revamped stores under the new concept, with company-owned stores growing by 34.3% and franchises by 33.8%;



**4 new stores were opened in the quarter** (all of them franchises), with the chain reaching a total of **343 stores at the end of September 2023.** All these stores are already being opened within the new format and we remain equally focused on the store renovation program, reformulating both its own and franchise networks;



**Continuous increase in sales through the ship from store modality** (sales captured by e-commerce and invoiced by physical stores), which went from **71% in 3Q22 to 80% in 3Q23;**



We continued with the roll-out of the second wave of omnichannel with a **focus on implementing the infinite shelf, present in 193 stores by the end of 3Q23, and attracting new sellers** to our sporting goods marketplace (tfmall);



During 3Q23, **TFSports** held 23 Santander Track&Field Run Series, 450 Keep Moving online classes, 90 T&F Experience events and the Track&Field Open Beach Tennis, which had 14 stages until the end of September. At the end of the quarter, the Platform had **more than 540 thousand users (+53.4% YoY) and more than 5.7 thousand registered trainers;**



**NPS (Net Promoter Score) reaching 85.7 points in 3Q23,** remaining at a high level and continually proving that the Company's growth coexists with high customer satisfaction with our various channels.

## Financial Highlights



**Net Revenue** totaled **R\$164.3 million in 3Q23, +18.9% vs. 3Q22** (R\$ 138.1 million);



**Gross Profit growth of 19.3% vs. 3Q22,** reaching **R\$94.4 million in 3Q23,** with a **gross margin of 57.4%;**



**Adjusted EBITDA** reached **R\$36.8 million in 3Q23, +22.4% YoY.** **Adjusted EBITDA margin of 22.4%** in the quarter vs. 21.8% in 3Q22;



**Adjusted Net Profit** totaled **R\$29.1 million in 3Q23, growth of 16.1%** compared to the R\$25.1 million recorded in 3Q22, **accumulating R\$83.5 million in 9M23 (+29.5% YoY).**

**B3: TFCO4**

**R\$ 13.93**

(per PN share on 11/10)

**877,251,375 ON shares**

**71,992,864 PN shares**

(free float: 53,689,262 PN)

**R\$ 2.2 billion**

Market Cap on 11/10

## Table | Summary of Indicators

The information contained in this document refers to the consolidated financial statements for the third quarter and nine months of 2023 and 2022.

R\$ thousand, except otherwise indicated	3Q23	3Q22	Chg. 3Q23/3Q22	9M23	9M22	Chg. 9M23/9M22
<b>Resultados Financeiros</b>						
Net Revenue	164,278	138,147	18.9%	461,743	382,114	20.8%
Gross Profit	94,376	79,099	19.3%	266,584	217,881	22.4%
Gross Margin	57.4%	57.3%	0.1 p.p.	57.7%	57.0%	0.7 p.p.
EBITDA	41,280	34,239	20.6%	119,925	95,406	25.7%
EBITDA Margin	25.1%	24.8%	0.3 p.p.	26.0%	25.0%	1.0 p.p.
Adjusted <sup>1</sup> EBITDA	36,842	30,101	22.4%	106,354	82,980	28.2%
Adjusted EBITDA Margin	22.4%	21.8%	0.6 p.p.	23.0%	21.7%	1.3 p.p.
Net Income	27,164	24,485	10.9%	79,082	61,732	28.1%
Margem Líquida	16.5%	17.7%	-1.2 p.p.	17.1%	16.2%	1.0 p.p.
Ajusted <sup>2</sup> Net Income	29,128	25,099	16.1%	83,530	64,478	29.5%
Adjusted Net Margin	17.7%	18.2%	-0.5 p.p.	18.1%	16.9%	1.2 p.p.
Net Cash <sup>3</sup>	46,274	53,347	-13.3%	46,274	53,347	-13.3%
Net Cash Equivalents <sup>4</sup>	107,820	100,737	7.0%	107,820	100,737	7.0%
<b>Operational Indicators</b>						
Number of Stores	343	315	8.9%	343	315	8.9%
Owned Stores	45	42	7.1%	45	42	7.1%
Franchises	298	273	9.2%	298	273	9.2%
Average Ticket (R\$)	399,04	369,89	7.9%	386,49	360,49	7.2%
Total Sell Out (R\$ thousands) <sup>5</sup>	294,042	244,142	20.4%	803,728	675,248	19.0%
Total Amount Raised by e-commerce (R\$ thousands)	24,369	19,841	22.8%	61,533	49,530	24.2%

Note: Adjusted amounts refer to non-accounting measurements for purposes of comparability and better market analysis.

<sup>1</sup> Adjusted EBITDA: excluding IFRS-16 effects (effect of exclusion of right-of-use depreciation expense and lease expense related to rentals) and non-recurring expenses.

<sup>2</sup> Adjusted Net Income: excluding IFRS-16 application and non-recurring expenses.

<sup>3</sup> Net cash: Cash and cash equivalents – Financial loans.

<sup>4</sup> Net Cash Equivalents: Cash and Cash Equivalents + Receivables from cards.

<sup>5</sup> Total Sell Out: Representing Track&Field Group's consumer sales, irrespective of sales channel (physical/online or whether own store/franchise).



# Message from Management

The third quarter of 2023 was marked by the continuation of double-digit sales growth compared to the previous year, with the company delivering solid results even in a challenging retail scenario in Brazil.

We observed a more challenging month of July, due to the school break and a very intense promotional period performed by several fashion retailers. However, these effects were completely neutralized in the months of August and September. We attribute this good performance, mainly, to the excellent results on Father's Day, the great sales performance observed during our winter promotional period, and the start of sales for the Summer 2024 collection in the second half of September.

As a result, the sell-out for 3Q23 reached the mark of R\$ 294.0 million, an increase of 20.4% vs. 3Q22, allowing us to enhance profitability measured in terms of adjusted EBITDA (+22.4% YoY), with a margin of 22.4% in 3Q23 compared to 21.8% in 3Q22, and adjusted net profit, which totaled R\$ 29.1 million, 16.1% higher than the figure recorded in 3Q22.

Regarding the renovation program and opening of new stores, in September 2023, we totaled 15 openings throughout the year (4 in 3Q23), reaching a total of 343 stores nationwide. It's worth noting that we have observed a maturation period of less than 2 years for recently opened stores. In addition, of the 25 stores we planned to renovate in 2023, 14 have already been completed during the 9M23 (4 company-owned stores and 10 franchises). It is worth highlighting that the renovated stores, both company-owned and franchises, increased their sales by +34.3% and +33.8%, respectively, boosting the quarter's performance. Finally, in the beginning of November, we opened another TFC Food & Market, at the Catarina Fashion Outlet unit, concluding 2023 with a total of 9 units.

We continue to advance in our omnichannel model, with 22 stores operating as mini distribution centers (CDs), delivering to the entire national territory, and over 300 operating with the ship-from-store modality, allowing us to invoice more than 80% of sales captured in e-commerce through the stores. Currently, we have 193 active stores in the infinite shelf, and by the end of the year, we expect 80% of our stores to be connected, enabling our sales force to view the inventory of the entire network and make a sale of a product that may not be available in the inventory of the store where the customer is making the purchase.

In addition, we continue to accelerate the TFSports platform, hosting 577 events/experiences during the period, including 23 street races from the Santander Track&Field Run Series, 14 stages of the Track&Field Open Beach Tennis, 90 T&F Experience events, and 450 classes from the Keep Moving program. The platform reached over 540 thousand users by the end of the quarter, with a growth of 53.4% YoY. Currently, we have over 5.7 thousand trainers connected to the app, providing classes and events for our customer base. Additionally, we are expanding tfmall, our curated sports goods marketplace, with the expectation of bringing in new sellers by the end of the year.

Our Summer 2024 collection, launched on September 14, 2023, has been very well-received by franchisees and customers. It is an invitation to set ourselves in motion, experiencing the season with style and the balance of well-being between body, mind, and soul. Additionally, to strengthen the brand attributes of being extremely gift-worthy and catering to the whole family, we have expanded the Kids line and now offer products starting from size 4. In December, we will also launch the Teen Line, targeting children and teenagers as they begin to develop their own style, aiming to build customer loyalty from an early age. The Beach Tennis line has also introduced new clothing pieces designed to facilitate and enhance

performance on the court, with fresh and lightweight fabrics that aid in mobility, and cuts that assist in heat exchange and range of motion.

To further strengthen the company's ESG front, we are directing our efforts towards implementing initiatives that will contribute to advancing this agenda, in line with our voluntary commitments. Throughout the third quarter, we completed our study on the carbon market and conducted a workshop with the Sustainability Committee. We continued the work of identifying climate risks and opportunities, allowing us to have a greater understanding and clarity on how we can address or adapt to the changes that are already happening and those that are yet to come.

Finally, we continue working diligently to strengthen our well-being ecosystem, focusing on our growth plan and process and operational efficiency, while reinforcing our TFSports events and experiences platform. Once again, we express our gratitude to our employees, our Board of Directors, franchisees, and suppliers for their engagement and partnership, and to our shareholders for the trust they have placed in us.

## **MANAGEMENT**

## Sell Out

Sell out billed per channel (R\$ thousand)	3Q23	3Q22	Chg. 3Q23/ 3Q22	9M23	9M22	Chg. 9M23/ 9M22
Franchises	187,588	154,343	21.5%	509,836	423,296	20.4%
Company-operated stores	101,597	84,040	20.9%	282,254	234,194	20.5%
E-commerce	4,858	5,759	-15.6%	11,638	17,758	-34.5%
<b>Total Sell Out</b>	<b>294,042</b>	<b>244,142</b>	<b>20.4%</b>	<b>803,728</b>	<b>675,248</b>	<b>19.0%</b>

Sell out captured per channel (R\$ thousand)	3Q23	3Q22	Chg. 3Q23/ 3Q22	9M23	9M22	Chg. 9M23/ 9M22
Franchises	178,219	149,050	19.6%	485,901	410,283	18.4%
Company-operated stores	91,454	75,252	21.5%	256,293	215,435	19.0%
E-commerce	24,369	19,841	22.8%	61,533	49,530	24.2%
<b>Total Sell Out</b>	<b>294,042</b>	<b>244,142</b>	<b>20.4%</b>	<b>803,728</b>	<b>675,248</b>	<b>19.0%</b>

Sell out, the result of the sum of gross sales across all Track&Field sales channels (including own stores, franchises, and e-commerce), reached R\$294.0 million in 3Q23, which corresponds to a total growth of 20.4% compared to the same period in 2022, and 15.2% in the same store sales concept.

During the third quarter, we observed a more challenging month of July due to the school break and the start of the promotional period by several fashion retailers. However, this was completely neutralized by the months of August and September, which saw sell-out growth exceeding 20% YoY. In general, we attribute the good performance reported during 3Q23 to several factors, the main ones being: (i) Father's Day, whose excellent result once again reaffirms our positioning as a "giftable" brand; (ii) the excellent sales performance observed during our winter sale, which is traditionally held in August/September in contrast to other retailers (which allocate their promotional periods in July); and (iii) the start of sales of the Summer 24 collection in the second half of September.

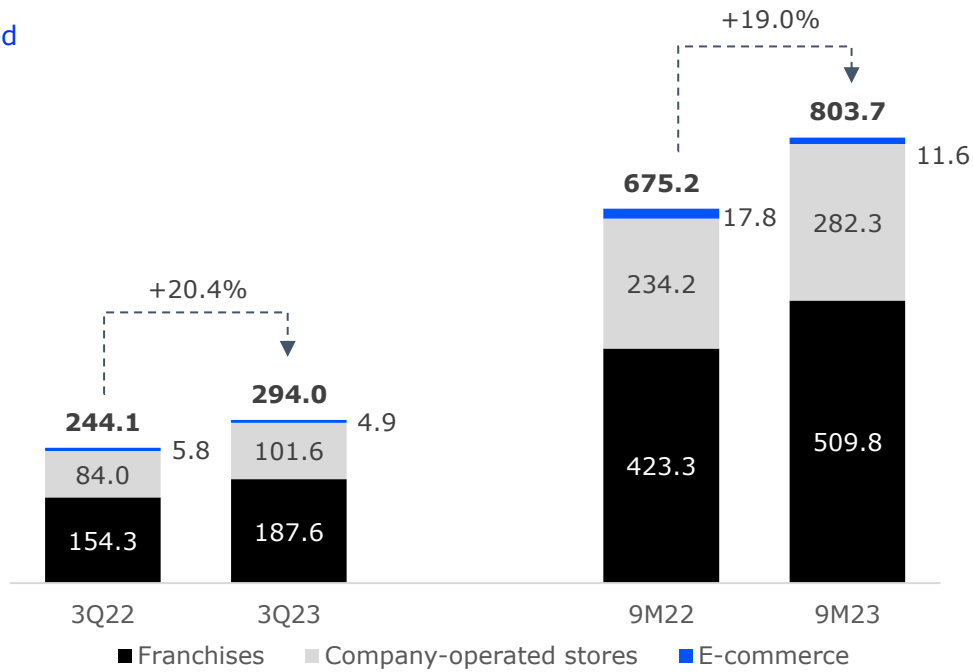
Additionally, it is worth highlighting that this quarter's performance was again driven by the results reported by stores renovated for the new concept, both company-owned and franchises, which grew their sales by +34.3% and +33.8%, respectively. The growth of these stores was mainly driven by an increase in the number of tickets, resulting from new customers, and an increase in the frequency of purchases by customers belonging to the base.

Our e-commerce (+22.8% vs. 3Q22 in the captured vision) continues to grow at a pace above physical channels and gaining share in the Company's business mix, positively reflecting the improvements implemented over the previous year - with a focus on improving our consumer's experience in this channel, in addition to efficiency gains in SEO (organic search) and performance media.

We emphasize that this channel's 15.6% drop in invoiced sell out is a reflection of the advancement of omnichannel, in which sales captured through the website continue to be increasingly invoiced and delivered by physical stores and not by our Distribution Center – resulting in a lower delivery time for the customer and lower shipping costs.

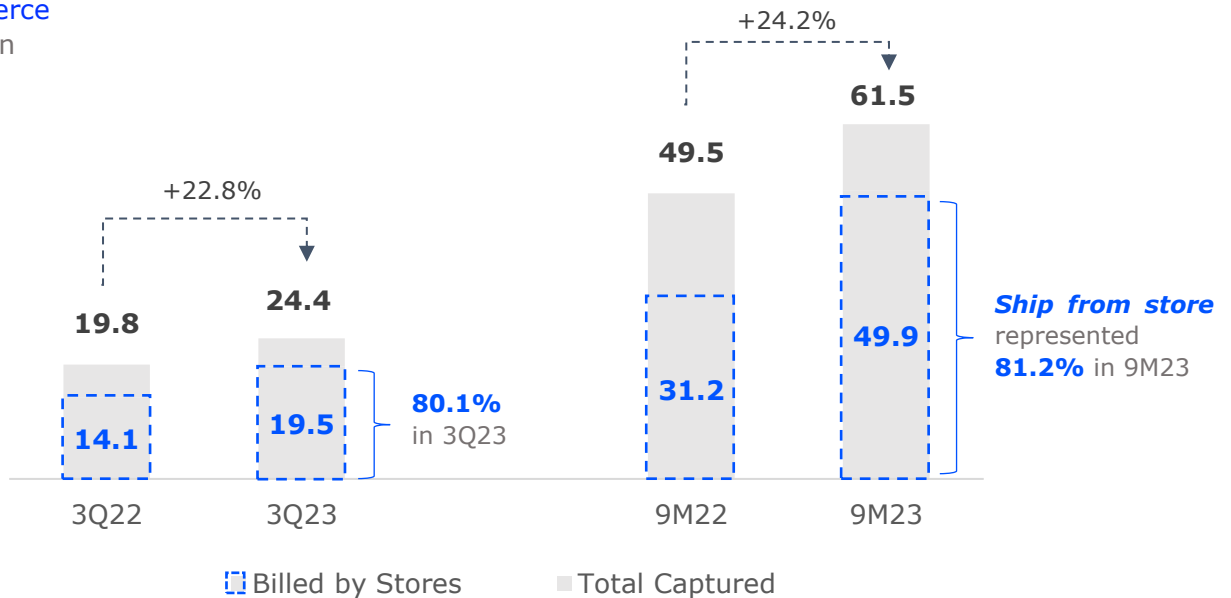
### Sell Out Billed

R\$ million



### E-commerce

R\$ million





## Digital Channels and Omnichannel Platform



We continue to observe positive results from ship from store initiatives – in which physical stores function as mini distribution centers – and pick up in store – collection of orders placed online in physical stores – expanding the omnichannel concept to the entire network. At the end of the quarter, we reached a total of 343 stores, with 333 operating in both modalities, bringing greater convenience to our customers. Of digital revenue in the quarter, 80% was generated through the ship from store modality.

The physical store network is increasingly integrated with the incorporation of new functionalities, such as the comprehensive seller, an initiative that currently allows 22 stores to act as mini distribution centers, making their stocks available in the e-commerce window and delivering products throughout the national territory. Furthermore, we recently started the second

wave of omnichannel, which is now mainly focused on the infinite shelf (pilot in 193 stores).

Another initiative is social selling, which represented 51% of the sell-out in 3Q23. Within this criterion, we consider sales made through sending payment links and delivering the product to the customer's specified address, the conversion of sales in physical stores originating from WhatsApp contacts (influenced sales), as well as products sold during customer demonstrations. These initiatives have been crucial in boosting sales in stores, increasing the sales team's productivity, and raising our average transaction value.

Complementing the implementation of all these initiatives in our network, we have an optimized logistics operation, enabling the delivery of products sold within a maximum of 2 business days. This super express delivery continued to represent around ~78% of all deliveries in 3Q23.





## Table | Summary of Indicators

	3Q23	3Q22	Chg. 3Q23 / 3Q22	9M23	9M22	Chg. 9M23 / 9M22
Net Revenue (R\$ thousands)	9,881	9,032	9.4%	27,976	19,197	45.7%
User on the App (thousand)*	540.1	352.1	53.4%	540.1	352.1	53.4%
Registration in street races/Experiences (thousand)	64.3	54.1	18.8%	160.9	143.6	12.0%
Number of Trainers (thousand)*	5.7	2.6	120.1%	5.7	2.6	120.1%

Note (\*): positions on the closing date of each period.

Net revenue in 3Q23 totaled R\$9.9 million, an increase of 9.4% compared to the same period of the previous year. Adjusted EBITDA for the quarter was negative by R\$ 2.1 million and, in the nine months, negative by R\$ 1.7 million, mainly impacted by the increase in expenses during the quarter in order to embrace the platform's growth that we envision for the coming quarters.

In operational terms, our TFSports app has shown constant growth in the number of registered users, reaching more than 540 thousand in 3Q23 (+53.4% compared to 3Q22). In addition to offering sporting events, experiences, and classes from the Keep Moving program, the application also connects more than 5.7 thousand trainers, who offer paid or free classes to our customer base.





In the third quarter of 2023, 450 Keep Moving classes were held, with more than 9.6 thousand enrolled. We organized 23 street races of the Santander Track&Field Run Series (61 in 9M23) and we hope to hold, by the end of 2023, a total of 80 races. The Track&Field Open Beach Tennis had 14 stages nationwide, and we organized 90 T&F Experience events, which are in-person classes led by specialized trainers in different modalities such as Kayak, Yoga, Bike, Fight, Tennis, Beach Tennis, Hawaiian Canoe, Functional, Paddle Sports, Kangoo Jump, Bike Indoor, among others. It is worth highlighting that more than half of the franchisee groups already organize events on our platform.

Regarding tfmall – a curated marketplace in the wellness segment – we currently have 6 sellers that we believe have a high synergy with our brand (Apple, Samsung, Garmin, Saucony, Hoka, and Manduka), and we expect to end the year 2023 with the addition of more sellers to our platform.

In summary, for the final months of 2023, we will continue to focus on accelerating the platform and consolidating TFSports as one of the world's largest platforms for organizing experiences related to a healthy and active lifestyle.

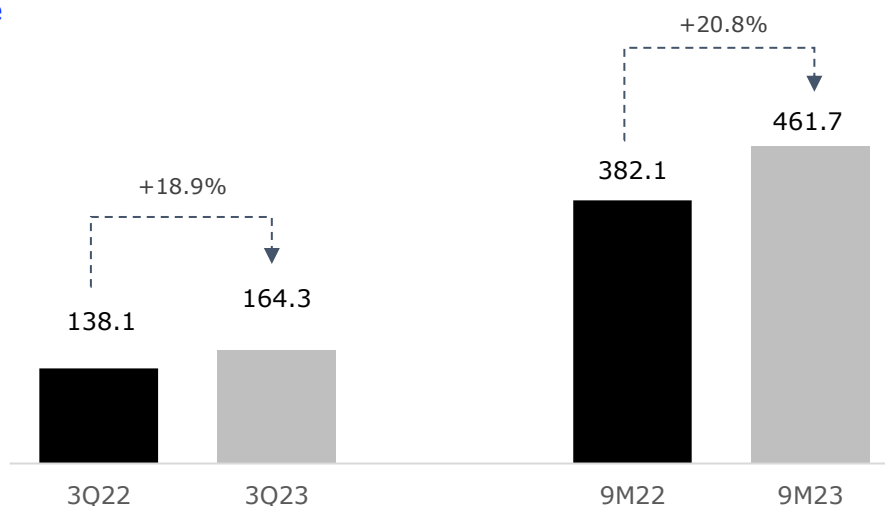


## Net Revenue

Net Revenue (R\$ thousand)			Chg.			Chg.
	3Q23	3Q22	3Q23/ 3Q22	9M23	9M22	9M23/ 9M22
Goods for Franchises	44,431	37,420	18.7%	130,425	105,656	23.4%
Royalties	29,082	23,978	21.3%	78,941	63,970	23.4%
Retail (Own Network)	79,828	66,676	19.7%	221,212	189,291	16.9%
TFSports	9,881	9,031	9.4%	27,975	19,197	45.7%
Others	1,056	1,042	1.3%	3,189	4,000	-20.3%
<b>Total Net Revenue (R\$ thousand)</b>	<b>164,278</b>	<b>138,147</b>	<b>18.9%</b>	<b>461,743</b>	<b>382,114</b>	<b>20.8%</b>

In the third quarter, our net revenue amounted to R\$164.3 million, marking an 18.9% increase compared to the same period in 2022. This growth was well-distributed across our own stores, royalties, and goods sold to franchisees.

Net Revenue  
R\$ million



Firstly, the royalties channel demonstrated a strong performance, experiencing a 21.3% YoY growth, reaching R\$29.1 million compared to R\$24.0 million in 3Q22. This accounted for 17.7% of the total net revenue for the period. This impressive result can be attributed to increased merchandise sales to franchisees in previous months, leading to improved sell out rates within the franchise channel in 3Q23.

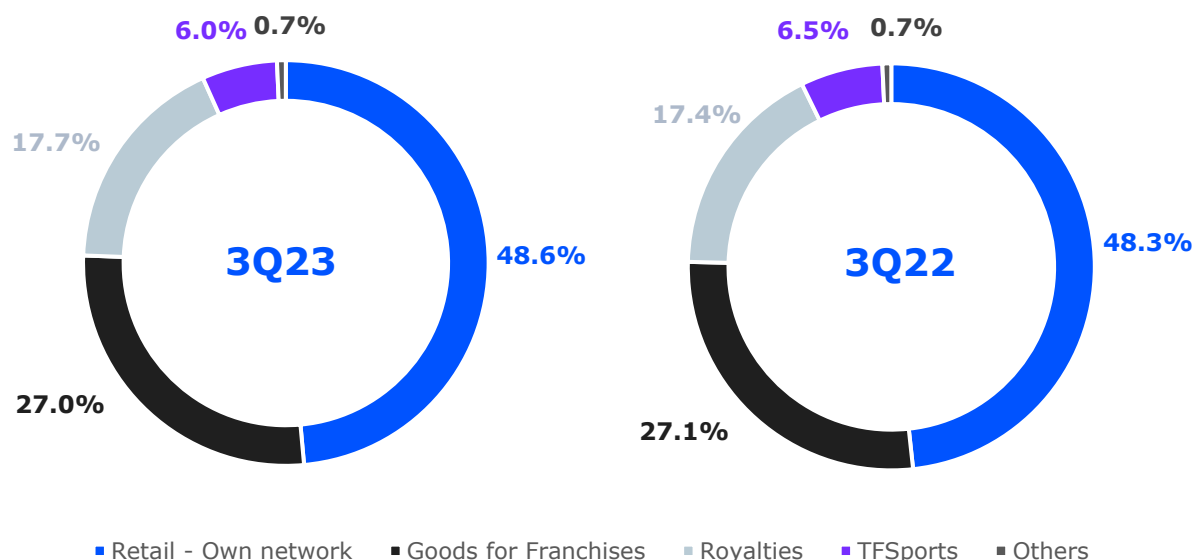
Secondly, the own chain retail channel also exhibited growth, with a notable 19.7% YoY increase, reaching R\$79.8 million compared to R\$66.7 million in 3Q22. This channel represented 48.6% of the total net revenue. The success of our own stores can be attributed to the positive impact of our revamped stores, the successful winter sale held in August/September, and the launch of our new collection in the latter half of September.

Lastly, it is essential to highlight the merchandise channel for franchises, which experienced an 18.7% YoY growth. This channel accounted for 27.1% of the total net revenue for the period. Its strong performance was driven by the high acceptance of

the Summer 24 collection by franchisees and promising sales prospects for the upcoming months.

#### Net Revenue Breakdown

%



■ Retail - Own network ■ Goods for Franchises ■ Royalties ■ TFSports ■ Others

## Gross Profit

Gross Profit (R\$ thousand)	3Q23		Chg. 3Q23/ 3Q22	9M23		Chg. 9M23/ 9M22
	3Q23	3Q22		9M23	9M22	
Gross Profit	94,376	79,099	19.3%	266,584	217,881	22.4%
Gross Margin	57.4%	57.3%	0.1 p.p.	57.7%	57.0%	0.7 p.p.

Gross profit for the quarter totaled R\$ 94.4 million, an increase of 19.3% compared to 3Q22, with a margin of 57.4%, slightly higher than the same quarter last year (57.3%). This performance reflected the faster growth in royalty revenues and company-owned stores, as well as an increase of the margins in stores and the sale of merchandise to franchisees. It is worth mentioning that one of the reasons for the increase in product margin is the internalization of part of the production of strategic fabrics, leading to a reduction in COGS (cost of goods sold).



## Adjusted Operating Expenses

Adjusted Net Revenue	3Q23	3Q22	Chg. 3Q23/3Q22	9M23	9M22	Chg. 9M23/9M22
<b>General Adjusted Net Revenue</b>	<b>164,278</b>	<b>138,147</b>	<b>18.9%</b>	<b>461,743</b>	<b>382,288</b>	<b>20.8%</b>
Operating Expenses (R\$ thousand)	3Q23	3Q22	Chg. 3Q23/3Q22	9M23	9M22	Chg. 9M23/9M22
Sales	30,685	27,580	11.3%	87,769	76,920	14.1%
% With Sales over General NR	18.7%	20.0%	-1.3 p.p.	19.0%	20.1%	-1.1 p.p.
General and Administrative	26,656	21,595	23.4%	73,840	60,817	21.4%
% G&A over General NR	16.2%	15.6%	0.6 p.p.	16.0%	15.9%	0.1 p.p.
<b>Operating Expenses</b>	<b>57,341</b>	<b>49,175</b>	<b>16.6%</b>	<b>161,609</b>	<b>137,737</b>	<b>17.3%</b>
% Total Operating Expenses wo/ General NR	34.9%	35.6%	-0.7 p.p.	35.0%	36.0%	-1.0 p.p.
Other operating revenues (expenses)	-34	-249	-86.3%	-1,377	-2,929	-53.0%
<b>Total Operating Expenses (Revenue) without depreciation</b>	<b>57,307</b>	<b>48,926</b>	<b>17.1%</b>	<b>160,232</b>	<b>134,808</b>	<b>18.9%</b>
% Total Operating Expenses wo/ General NR	34.9%	35.4%	-0.5 p.p.	34.7%	35.3%	-0.6 p.p.
Depreciation	2,401	1,512	58.8%	6,647	3,956	68.0%
<b>Total Operating Expenses (Revenue) with depreciation</b>	<b>59,707</b>	<b>50,438</b>	<b>18.4%</b>	<b>166,878</b>	<b>138,764</b>	<b>20.3%</b>
% Total Operating Expenses wo/ General NR	36.3%	36.5%	-0.2 p.p.	36.1%	36.3%	-0.2 p.p.

In the third quarter, adjusted operating expenses accounted for 34.9% of net sales, showing a decrease from the 35.4% recorded in the same period last year (-0.5 p.p. YoY). This trend continued over the nine-month period, with a year-on-year decrease of 0.6 p.p., highlighting the Company's effective cost management strategy and its ability to reduce expenses relative to net revenue.

Regarding selling expenses, once again, we observed a decrease in the proportion relative to net sales (-1.3 p.p. YoY) both in the comparison between 3Q23 and 3Q22 and in the cumulative nine-month period. This reduction in selling expenses was primarily due to (i) the increased representation of franchise sales within the total network, which helped dilute the impact of retail-owned expenses on the company's overall revenue, and (ii) the postponement of some expenditures to the fourth quarter. We are currently evaluating the necessity of these expenses, especially those related to marketing initiatives.

The slight increase in administrative expenses as a percentage of net sales for the quarter (+0.6 p.p. YoY) is due to the reinforcement of certain corporate structures that were implemented to cope with the company's growth.

## EBITDA

EBITDA (R\$ thousand)	3Q23	3Q22	Chg. 3Q23/ 3Q22	9M23	9M22	Chg. 9M23/ 9M22
Net Income	27,164	24,485	10.9%	79,082	61,732	28.1%
(+) Income Tax and Social Security	4,692	3,920	19.7%	13,873	17,508	-20.8%
(+) Net Financial Result	3,051	1,143	166.8%	8,592	3,167	171.3%
(+) Depreciation and amortization	6,374	4,691	35.9%	18,378	12,999	41.4%
<b>EBITDA</b>	<b>41,280</b>	<b>34,239</b>	<b>20.6%</b>	<b>119,925</b>	<b>95,406</b>	<b>25.7%</b>
<b>EBITDA Margin</b>	<b>25.1%</b>	<b>24.8%</b>	<b>0.3 p.p.</b>	<b>26.0%</b>	<b>25.0%</b>	<b>1.0 p.p.</b>
(+) IFRS-16 Adjustment	-5,246	-4,344	20.8%	-15,463	-12,354	25.2%
(+) Non-Recurring Adjustment*	808	205	n.m.	1,891	-73	n.m.
<b>Adjusted EBITDA</b>	<b>36,842</b>	<b>30,101</b>	<b>22.4%</b>	<b>106,354</b>	<b>82,980</b>	<b>28.2%</b>
<b>Adjusted EBITDA Margin</b>	<b>22.4%</b>	<b>21.8%</b>	<b>0.6 p.p.</b>	<b>23.0%</b>	<b>21.7%</b>	<b>1.3 p.p.</b>

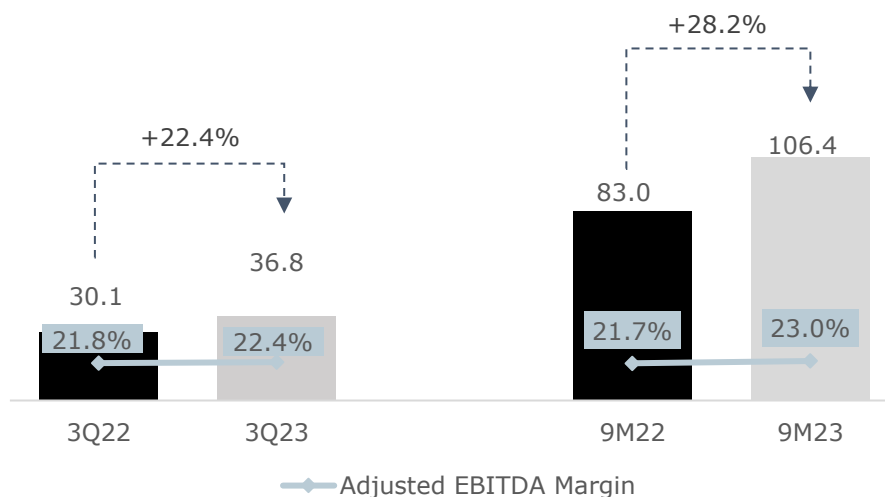
\* Non-Recurring Adjustment breakdown is on page 22.

The EBITDA reached R\$ 41.3 million in the quarter, showing a growth of 20.6% compared to 3Q22, with an EBITDA margin of 25.1% (vs. 24.8% in 3Q22). This increase was a result of reduced expenses relative to net sales and the expansion of net revenue witnessed during the quarter.

Excluding the effects of IFRS-16 and non-recurring expenses, the adjusted EBITDA amounted to R\$ 36.8 million in 3Q23, with a margin of 22.4% (+0.6 p.p. vs. 3Q22) and a growth of 22.4% compared to the previous year.

## Adjusted EBITDA

R\$ million



## Financial Result

<b>Financial Result (R\$ thousand)</b>	<b>3Q23</b>	<b>3Q22</b>	<b>Chg. 3Q23/ 3Q22</b>	<b>9M23</b>	<b>9M22</b>	<b>Chg. 9M23/ 9M22</b>
Financial Revenues	2,780	3,244	-14.3%	6,983	8,063	-13.4%
Financial Expenses	-5,831	-4,387	32.9%	-15,575	-11,230	38.7%
<i>IFRS interest</i>	-2,539	-1,813	40.1%	-6,928	-5,691	21.7%
<i>Other Financial Expenses</i>	-3,292	-2,574	27.9%	-8,647	-5,539	56.1%
<b>Financial Result</b>	<b>-3,051</b>	<b>-1,143</b>	<b>166.9%</b>	<b>-8,592</b>	<b>-3,167</b>	<b>171.3%</b>
Net Effect of Adjustments	3,289	1,813	81.5%	8,272	5,654	46.3%
<b>Adjusted Financial Result*</b>	<b>238</b>	<b>670</b>	<b>-64.5%</b>	<b>-320</b>	<b>2,487</b>	<b>-112.9%</b>

\* Effects Adjustments: interest on leasing and non-recurring operations.

The Financial Result showed a negative balance of R\$ 3.1 million in the third quarter, primarily due to reduced average cash flow resulting from the investment program. This program mainly focused on store renovations and the development of the TFSports app. These efforts offset the impact of the increased Selic rates on financial revenues and the rise in IFRS-related interest charges.

However, the adjusted financial result was positive at R\$ 238 in the third quarter, due to the exclusion of IFRS-16 effects and non-recurring items.

It's worth noting that the Company ended the quarter once again debt-free and did not engage in any accounts receivable prepayments during the period.

## Net Income

<b>Net Income R\$ thousand and %</b>	<b>3Q23</b>	<b>3Q22</b>	<b>Chg. 3Q23/ 3Q22</b>	<b>9M23</b>	<b>9M22</b>	<b>Chg. 9M23/ 9M22</b>
<b>Net Income</b>	<b>27,164</b>	<b>24,485</b>	<b>10.9%</b>	<b>79,082</b>	<b>61,732</b>	<b>28.1%</b>
<b>Net Margin</b>	16.5%	17.7%	-1.2 p.p.	17.1%	16.2%	1.0 p.p.
(+) <i>IFRS-16 Adjustment</i>	982	502	95.6%	2,410	1,809	33.2%
(+) <i>Non-Recurring Adjustment*</i>	983	111	n.m.	2,038	936	117.7%
<b>Adjusted Net Income</b>	<b>29,128</b>	<b>25,099</b>	<b>16.1%</b>	<b>83,530</b>	<b>64,478</b>	<b>29.5%</b>
<b>Adjusted Net Margin</b>	<b>17.7%</b>	<b>18.2%</b>	<b>-0.5 p.p.</b>	<b>18.1%</b>	<b>16.9%</b>	<b>1.2 p.p.</b>

\* Non-Recurring Adjustment breakdown is on page 22.

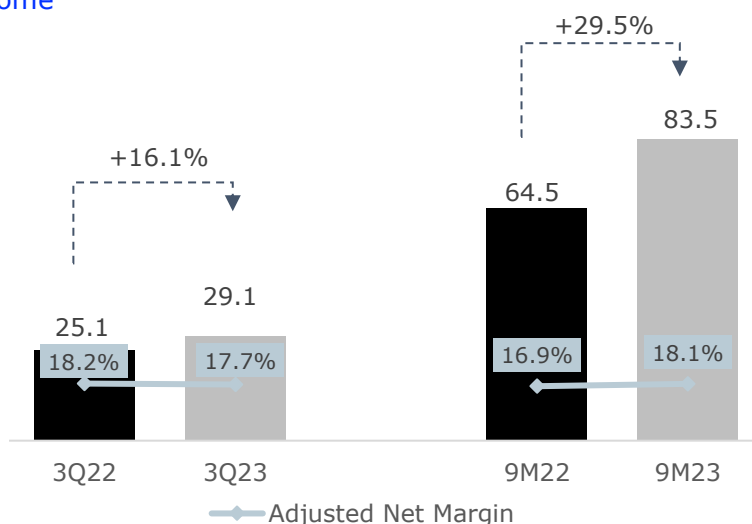
Net profit reached R\$27.2 million in 3Q23, +10.9% compared to R\$24.5 million in 3Q22. The net margin ended the quarter at 16.5%, down 1.2 p.p. compared to 3Q23.

The adjusted net profit, excluding the effects of IFRS-16 application and non-recurring expenses, reached R\$29.1 million in the quarter, reflecting a 16.1% increase compared to the R\$25.1 million reported in 3Q22.

The adjusted net margin for the quarter was 17.7%, showing a slight decrease of 0.5 p.p. compared to the previous year. This decrease is mainly attributed to two factors: (i) an increase in depreciation due to investments made throughout the year, and (ii) a higher representation of income tax on net sales in 3Q23 compared to 3Q22. This tax effect is a result of the recognition of Interest on Capital (IoC), which was fully recognized in the third quarter of 2022 (9M22), while this year it is being recognized quarterly.

In the year-to-date period, the adjusted net profit totaled R\$83.5 million, indicating a significant growth of 29.5% compared to the R\$64.5 million recorded in the first nine months of 2022, with a margin increase of 1.2 p.p.

#### Adjusted Net Income R\$ million



## Cash Flow

Cash Flow (R\$ mil)	9M23	1H23	9M22
Net cash generated (applied) in operating activities	53.3	29.1	35.5
Net cash applied in investing activities	-25.8	-14.5	-23.7
Net cash generated (applied) in financing activities	-41.7	-35.2	-25.2
<b>Increase / Decrease in Cash and Cash Equivalents</b>	<b>-14.2</b>	<b>-20.6</b>	<b>-13.4</b>
<b>Initial Cash Balance</b>	<b>60.5</b>	<b>60.5</b>	<b>66.8</b>
<b>Final Cash Balance</b>	<b>46.3</b>	<b>39.9</b>	<b>53.3</b>

The company ended the period with a net cash balance of R\$46.3 million and cash equivalents (including credit card receivables) of R\$107.8 million.

Net cash generation from operating activities was R\$53.3 million, 50.1% above was reported in the same period of the previous year.

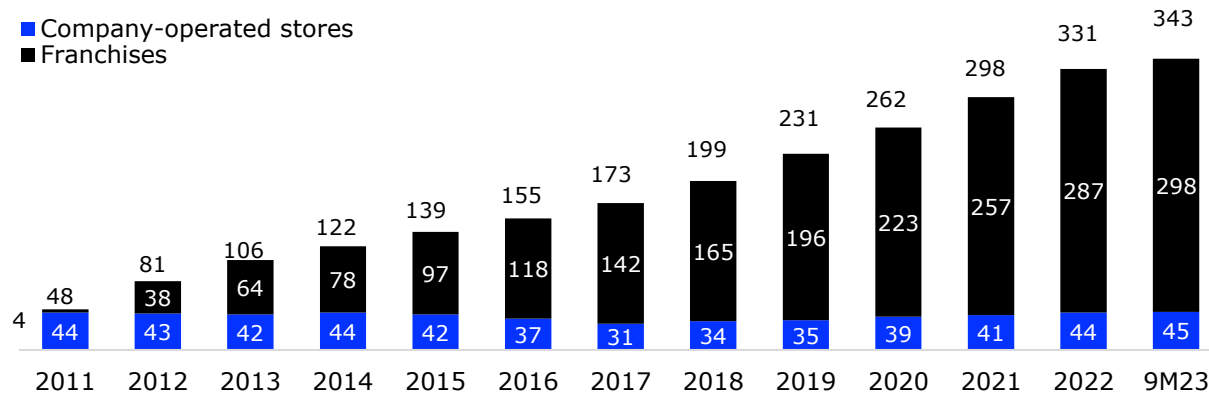


The R\$41.7 million referring to the “Financing Activities” line mainly reflects the payment of dividends and interest on capital made in the period.

The investment account increased compared to 1H23 due to the continued acceleration of investments made in store renovations and developments and improvements to the TFSports Platform.

## Investments/Expansion

### Number of Stores



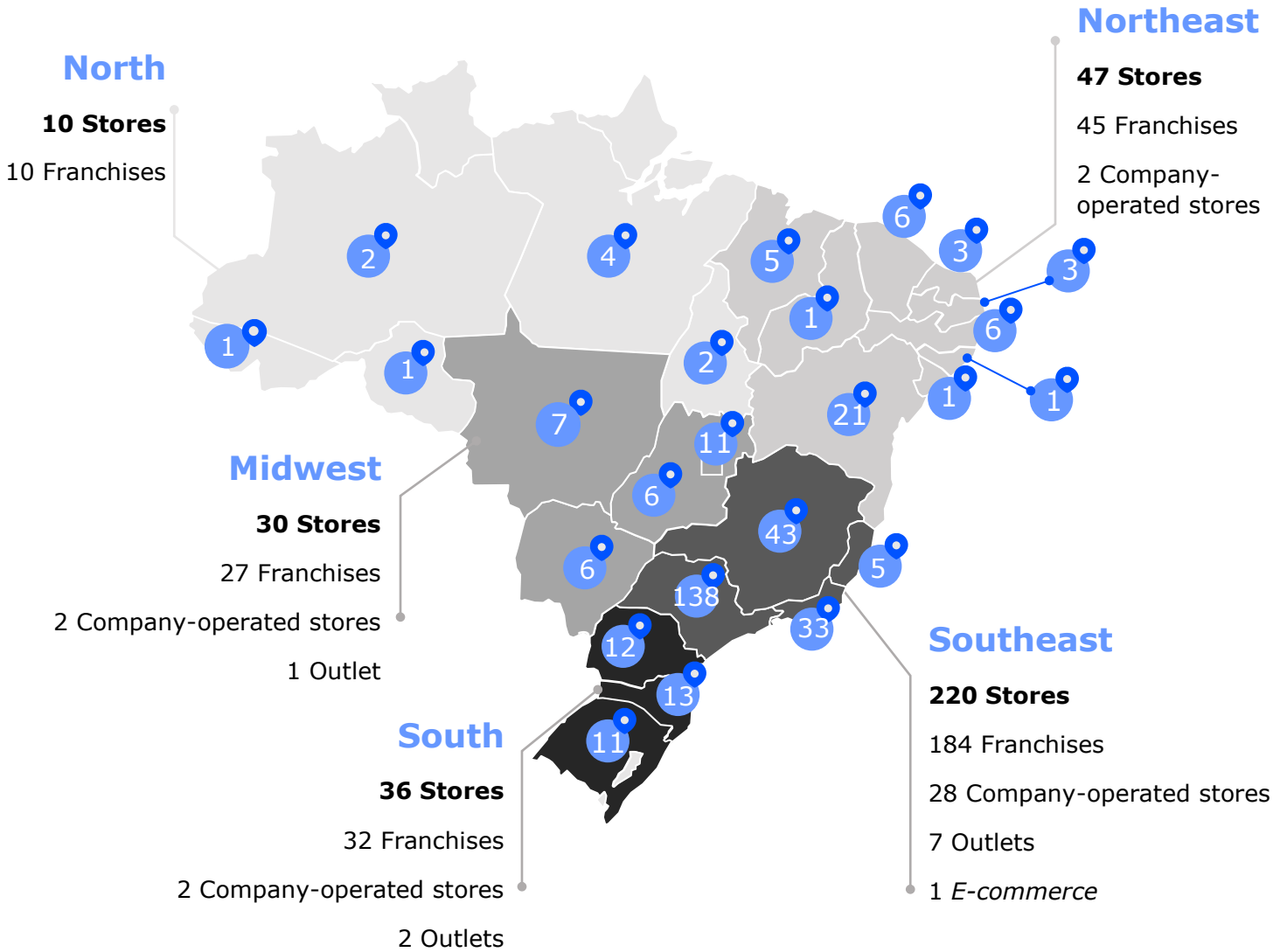
Note: E-commerce considered as 1 Company-operated store.

We ended the period with a total of 343 stores within the network, of which: 35 own stores, 10 outlets and 298 franchises (of which 4 were opened during 3Q23). For the year, we continue to aim at maintaining a similar pace of store openings as in 2022.

All new stores are being opened with elements of the Experience store, with a complete renovation of equipment, visual communication, and better product display. Furthermore, of the 25 stores that we plan to renovate in 2023, 14 have already been completed during 9M23 (4 own stores and 10 franchises).

Additionally, at the beginning of November, we opened another TFC Food & Market, at the Catarina Outlet unit, ending the year with a total of 9 units.

## Map of Stores



## Annexes

**Income Statement for the Period** (Excluding IFRS-16 Effect and Non-Recurring Items)

R\$ thousand	3Q23	3Q22	9M23	9M22
NET REVENUE OF SALES AND SERVICES PROVIDED	164,278	138,147	461,743	382,288
Cost of goods sold and services provided	-70,129	-59,120	-195,160	-164,502
GROSS PROFIT	94,148	79,027	266,583	217,787
<i>Gross Margin</i>	57.3%	57.2%	57.7%	57.0%
Operating Expenses	-59,741	-50,687	-168,255	-141,693
Sales	-31,646	-28,183	-90,433	-78,485
General and administrative	-28,096	-22,505	-77,823	-63,208
<i>% Total Operating Expenses over General NR</i>	36.4%	36.7%	36.4%	37.1%
Other operating revenues (expenses)	34	249	1,377	2,929
Total Operating Expenses (revenues)	-59,707	-50,438	-166,878	-138,764
<i>% Total Operating Expenses (revenues) over General NR</i>	36.3%	36.5%	36.1%	36.3%
Adjusted EBITDA	36,842	30,101	106,354	82,980
<i>Adjusted EBITDA Margin</i>	22.4%	21.8%	23.0%	21.7%
Depreciation and Amortization	-2,401	-1,512	-6,647	-3,956
PROFIT BEFORE FINANCIAL RESULT	34,441	28,589	99,707	79,024
FINANCIAL RESULT	238	670	-320	2,487
Financial Revenues	2,780	3,243	6,983	8,024
Financial Expenses	-2,542	-2,574	-7,302	-5,538
OPERATING PROFIT BEFORE IT AND SC	34,679	29,258	99,386	81,510
INCOME TAX AND SOCIAL CONTRIBUTION	-5,551	-4,160	-15,856	-17,033
<b>ADJUSTED NET INCOME FOR THE PERIOD</b>	<b>29,128</b>	<b>25,099</b>	<b>83,530</b>	<b>64,478</b>
<i>Adjusted Net Margin</i>	17.7%	18.2%	18.1%	16.9%

## Income Statement for the Period

R\$ thousand	3Q23	3Q22	9M23	9M22
NET REVENUE OF SALES AND SERVICES PROVIDED	164,278	138,147	461,743	382,114
Cost of goods sold and services provided	-69,902	-59,048	-195,159	-164,233
GROSS PROFIT	94,376	79,099	266,584	217,881
<i>Gross Margin</i>	57.4%	57.3%	57.7%	57.0%
Operating Expenses	-59,463	-49,799	-166,080	-138,402
Sales	-31,051	-27,443	-87,942	-76,391
General and administrative	-28,412	-22,356	-78,138	-62,011
<i>% Total Operating Expenses over General NR</i>	36.2%	36.0%	36.0%	36.2%
Other operating revenues (expenses)	-7	248	1,042	2,928
Total Operating Expenses (revenues)	-59,470	-49,551	-165,038	-135,474
<i>% Total Operating Expenses (revenues) over General NR</i>	36.2%	35.9%	35.7%	35.5%
EBITDA	41,280	34,239	119,925	95,406
<i>EBITDA Margin</i>	25.1%	24.8%	26.0%	25.0%
Depreciation and Amortization	-6,374	-4,691	-18,378	-12,999
PROFIT BEFORE FINANCIAL RESULT	34,906	29,548	101,546	82,407
FINANCIAL RESULT	-3,051	-1,143	-8,592	-3,167
Financial Revenues	2,780	3,244	6,983	8,063
Financial Expenses	-5,831	-4,387	-15,575	-11,230
OPERATING PROFIT BEFORE IT AND SC	31,855	28,405	92,954	79,240
INCOME TAX AND SOCIAL CONTRIBUTION	-4,692	-3,920	-13,873	-17,508
<b>NET INCOME FOR THE PERIOD</b>	<b>27,164</b>	<b>24,485</b>	<b>79,082</b>	<b>61,732</b>
<i>Net Margin</i>	16.5%	17.7%	17.1%	16.2%



## Impactos do IFRS-16

The mandatory adoption of IFRS-16, in January 2019, has led to significant changes in the accounting of Brazilian companies, including Track&Field. Therefore, to better understand IFRS-16 effect on our financial statements, we detail below the impact on the main items of the Balance Sheet and Income Statement.

<b>Items included in Balance Sheet by IFRS-16 in R\$ thousand</b>	<b>Including IFRS-16 Effect (A)</b>	<b>Excluding IFRS-16 Effect (B)</b>	<b>Difference (A-B)</b>
Assets - Rights of Use	92,237	-	92,237
Liabilities - Leases Payable	101,739	-	101,739

<b>3Q23 Items affected by IFRS-16 in R\$ thousand</b>	<b>Including IFRS-16 Effect (A)</b>	<b>Excluding IFRS-16 Effect (B)</b>	<b>Difference (A-B)</b>
Operating Expenses (excl, Depreciation and Amortization)	-53,096	-58,342	5,246
Depreciation and Amortization Expenses	-6,374	-2,400	-3,974
Financial Result	-3,050	238	-3,288
IRPJ/CSLL	-4,691	-4,976	285
<b>Net Income</b>	<b>27,164</b>	<b>28,146</b>	<b>-982</b>
<b>EBITDA</b>	<b>41,280</b>	<b>36,034</b>	<b>5,246</b>

<b>9M23 Items affected by IFRS-16 in R\$ thousand</b>	<b>Including IFRS-16 Effect (A)</b>	<b>Excluding IFRS-16 Effect (B)</b>	<b>Difference (A-B)</b>
Operating Expenses (excl, Depreciation and Amortization)	-146,660	-162,122	15,462
Depreciation and Amortization Expenses	-18,378	-6,646	-11,732
Financial Result	-8,591	-320	-8,271
IRPJ/CSLL	-13,872	-14,660	788
<b>Net Income</b>	<b>79,082</b>	<b>81,492</b>	<b>-2,410</b>
<b>EBITDA</b>	<b>119,925</b>	<b>104,463</b>	<b>15,462</b>

## Non-Recurring Adjustments

<b>Adjusted EBITDA Reconciliation (R\$ thousand)</b>	<b>3Q23</b>	<b>3Q22</b>	<b>9M23</b>	<b>9M22</b>
<b>EBITDA</b>	<b>41,280</b>	<b>34,239</b>	<b>119,925</b>	<b>95,406</b>
IFRS 16	-5,246	-4,344	-15,463	-12,354
CPC 47 Effect - 2021	0	0	0	174
Pre-operational: new DC / TF Joinville	-227	205	-378	584
Reversal of provision for contingency/ terminations of C-Level	94	0	94	-831
Strategic Consulting	494	0	958	0
Import tax restructuring	0	0	377	0
Other non-recurring expenses	141	0	534	0
Reversal of restructured lease - pop-ups	307	0	307	0
<b>Adjusted EBITDA</b>	<b>36,842</b>	<b>30,101</b>	<b>106,354</b>	<b>82,980</b>

<b>Adjusted Net Income Reconciliation (R\$ thousand)</b>	<b>3Q23</b>	<b>3Q22</b>	<b>9M23</b>	<b>9M22</b>
<b>Net Income</b>	<b>27,164</b>	<b>24,485</b>	<b>79,082</b>	<b>61,732</b>
IFRS 16	1,267	648	3,198	2,343
CPC 47 Effect - 2021	0	0	0	174
Pre-operational: new DC / TF Joinville	-227	205	-378	584
Reversal of provision for contingency/ terminations of C-Level	94	0	94	-831
IRPJ/CSLL on Adjustments	-860	-239	-1,984	476
Strategic Consulting	494	0	1,057	0
Import tax restructuring	0	0	535	0
Other non-recurring expenses	890	0	1,620	0
Reversal of restructured lease - pop-ups	307	0	307	0
<b>Adjusted Net Income</b>	<b>29,128</b>	<b>25,099</b>	<b>83,530</b>	<b>64,478</b>

## CASH FLOW

R\$ thousand	9M23	9M22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the year	79,082	61,732
<b>Adjustments to reconcile net income (loss) for the year with net cash from operating activities:</b>		
Depreciation and amortization	20,214	13,449
Inflation adjustment on judicial deposits	-1,456	-1,101
Monetary adjustment of contingency provision	930	0
Current and deferred income tax and social contribution	13,872	17,508
Constitution (Reversal) of projected inventory loss	704	494
Provision (Reversal) for civil, labor and tax risks	-848	-605
Credit losses	383	70
Expected credit losses	-48	-49
Write-off of property, plant, and equipment and intangible assets	10	1
Tax credits from previous periods	0	138
Interest on lease - right of use	6,928	5,690
Inflation adjustment of recoverable taxes	-1,126	-834
Inflation adjustment of taxes payable	1,397	1,105
Inflation adjustment of other obligations	207	174
<b>Variation in operating assets and liabilities:</b>		
Accounts receivable	26,042	26,548
Inventories	-50,663	-53,985
Taxes recoverable	-3,242	4,404
Judicial deposits	1,392	1,975
Other credits	-2,608	-1,345
Suppliers	-12,878	-6,108
Labor and social security obligations	2,308	990
Tax obligations	-10,501	-11,420
Rents payable	-1,552	-1,779
Accounts payables	4,204	-5,698
Advance on events	-2,668	-546
<b>Net cash from operating activities</b>	<b>70,083</b>	<b>50,808</b>
Income tax and social contribution paid	-16,768	-15,277
<b>Net cash generated from operating activities</b>	<b>53,316</b>	<b>35,531</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Gain (Loss) on sale of property, plant, and equipment	19	0
Acquisition of intangible assets	-25,825	-23,740
<b>Net cash used in investing activities</b>	<b>-25,806</b>	<b>-23,740</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	-5,392	-9,881
Interest over capital	-19,630	0
Leases - right of use paid	-16,549	-12,383
Acquisition of own shares	-153	-2,953
<b>Net cash used in financing activities</b>	<b>-41,724</b>	<b>-25,217</b>
<b>EXCHANGE RATE VARIATION ON CASH AND CASH EQUIVALENTS OF SUBSIDIARY ABROAD</b>		
	-1	2
<b>INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS</b>	<b>-14,215</b>	<b>-13,424</b>
<b>Initial balance of cash and cash equivalents</b>	<b>60,489</b>	<b>66,771</b>
<b>Final balance of cash and cash equivalents</b>	<b>46,274</b>	<b>53,347</b>

## Balance Sheet

R\$ thousand	3Q23	3Q22
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	46,274	53,347
Accounts receivable	126,392	98,753
Inventories	254,425	212,129
Taxes recoverable	6,349	5,926
Prepaid expenses and other credits	6,504	3,330
Advances from Suppliers	1,624	1,052
<b>Total current assets</b>	<b>441,568</b>	<b>374,537</b>
<b>NON-CURRENT</b>		
Judicial deposits	474	400
Deferred income tax and social contribution	7,883	8,594
Taxes recoverable	10,790	7,854
Property, Plant & Equipment	140,718	116,307
Intangible Assets	19,828	9,366
<b>Total non-current assets</b>	<b>179,693</b>	<b>142,521</b>
<b>TOTAL ASSETS</b>	<b>621,261</b>	<b>517,058</b>
<b>LIABILITIES AND NET EQUITY</b>		
<b>CURRENT</b>		
Suppliers	47,986	38,466
Labor and social security obligations	29,696	23,274
Tax obligations	17,653	15,759
Leases - right of use payable	18,994	14,629
Rents payable	1,839	1,515
Advance from customers	2,946	1,840
Advance of Events	4,204	2,545
Dividends payable	15,572	8,650
Other obligations	1,239	7,754
<b>Total current liabilities</b>	<b>140,129</b>	<b>114,432</b>
<b>NON-CURRENT</b>		
Suppliers	879	1,927
Leases - right of use payable	81,617	71,907
Provision for civil, labor and tax risks	7,413	8,864
<b>Total non-current liabilities</b>	<b>90,227</b>	<b>84,688</b>
<b>NET EQUITY</b>		
Share capital	192,392	192,392
Treasury shares	-12,278	-2,974
Capital reserve	-12,527	-12,935
Reserve of tax incentives	7,040	5,812
Profit Reserve	153,434	77,852
Other comprehensive income	1,868	1,871
Profit for the Period	60,976	55,920
<b>Total net equity</b>	<b>390,905</b>	<b>317,938</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>621,261</b>	<b>517,058</b>

## Non-accounting metrics

**EBITDA** – EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the net income for the period, plus income tax and social contribution, depreciation and amortization and deducted from the net financial result. This indicator is a non-accounting measure prepared by the Company in accordance with CVM Instruction No. 527/12. EBITDA is used to present the Company's operating cash flow, but it is not a measure of profitability, as it does not consider certain expenses arising from the business, such as taxes, financial expenses and revenues, depreciation and amortization. This indicator also does not represent cash flows for the reporting periods. EBITDA Margin is calculated by EBITDA (as mentioned above) divided by net revenue from sales of goods and services provided.

**Adjusted EBITDA** - Adjusted EBITDA is EBITDA excluding the effect of the adoption of IFRS 16 / CPC 06(R2) - which came into effect for the handling of the accounting standard related to Lease Transactions as of 2019, and non-recurring expenses. Additionally, Adjusted EBITDA Margin is calculated by Adjusted EBITDA divided by net Revenue from sales of Goods and services provided.

Adjusted EBITDA and Adjusted EBITDA margin are not measures of results in accordance with accounting practices adopted in Brazil. Other companies may calculate Adjusted EBITDA differently from the Company.

The Company presents adjusted EBITDA as a means of assessing its operating financial performance, as it is a non-accounting measure of results that excludes non-recurring effects from the result. Thus, it purges effects that are not part of the business routine and that were punctual to the result.

**Adjusted Net Income** - Adjusted Net Income is net income excluding the effect of the adoption of IFRS 16 / CPC 06(R2), and non-recurring expenses.

Adjusted Net Income is not a measure of results in accordance with accounting practices adopted in Brazil. Other companies may calculate Adjusted Net Income differently from the Company.

**Gross Debt** - Gross Debt is the total sum of loans payable (current and non-current liabilities). Gross Debt is not a measure of results in accordance with accounting practices adopted in Brazil. Other companies may calculate Gross differently from the Company.

**Net Cash** - Net Cash is the sum of short-term and long-term loans included in Current Liabilities and Non-Current Liabilities minus the sum of Cash and cash equivalents included in the Company's Current Assets. This indicator is a non-accounting measure prepared by the Company. Net Cash is not a measure of profitability in accordance with accounting practices adopted in Brazil and does not represent cash flows for the reporting periods.

**Total Sell Out** – Total Sell Out represents Track&Field Group's consumer sales, irrespective of sales channel (physical/online or whether own store/franchise).



# Track & Field



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<https://www.tfco.com.br/ri/>